

Let's Review: Define these terms in your own words:

Progressive taxes

Higher tax rates for higher income

Regressive taxes

Impacts lower income people to a greater extent

5.1 Sales Tax

12/09/16

IWBAT consider various state sales taxes and practice calculating totals, taking exempt items into account, and understand why sales tax is considered regressive.

I will do this via capturing notes in Cornell notes format, whole class discussions to introduce and clarify key concepts, and completing practice problems collaboratively with teacher support.

5.1 Sales Tax

Every state except Alaska, Delaware, Montana, New Hampshire, and Oregon assesses a general sales tax.

What is sales tax and for what are the monies used?

Sales tax is a percentage of a purchase added to the total cost charged by the state and municipality

Sales taxes are used to pay for roads, public bldgs, wages for public employees, emergency services, public assistance, schools, cleaning the public areas, ...

IWBAT consider various state sales taxes and practice calculating totals, taking exempt items into account and understand why sales tax is considered regressive.

5.1 Sales Tax

Nontaxable Items (Tax Exempt)

Generally:

- unprepared food
- baby food
- bread
- medicine (prescription and over-the-counter)

Colorado

Taxable Items

All others, such as:

- ready-to-eat food (for example, cookies, chips, and frozen meals)
- appliances
- electronics
- furniture

IWBAT consider various state sales taxes and practice calculating totals, taking exempt items into account and understand why sales tax is considered regressive.

5.1 Sales Tax

Estimate sales tax

\$53.96

54

x 3

\$1.62

1. First, add up the total of the taxable items.
2. Then, move the decimal left two places to get one percent of that price.
3. Finally, multiply that one percent by whatever number you need to arrive at the state sales tax percentage.

Colorado's state sales tax is 2.9%. What is the approximate sales tax on a purchase of \$129.50? How much is the total purchase cost? How much would this purchase cost in Montana?

\$129.50

\$129.50

\$129.50

\$1.30

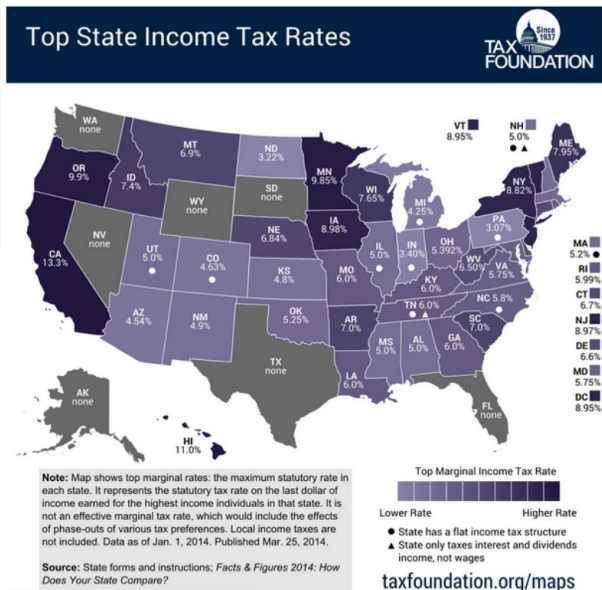
$$\begin{array}{r} + \quad 3.90 \\ \hline \$133.40 \end{array}$$
$$\begin{array}{r} \times 3 \\ \hline \$3.90 \end{array}$$

IWBAT consider various state sales taxes and practice calculating totals, taking exempt items into account and understand why sales tax is considered regressive.

5.1 Sales Tax



General State Sales Tax Range	States
0%	Alaska, Montana, New Hampshire, Oregon, Delaware
2% to 4%	Colorado, Alabama, Georgia, Hawaii, Louisiana, New York, South Dakota, Wyoming
4.225% to 6%	Missouri, North Carolina, Oklahoma, Maine, North Dakota, Virginia, West Virginia, Kansas, New Mexico, Nebraska, Ohio, Arizona, Utah, Arkansas, Connecticut, Florida, Idaho, Iowa, Kentucky, Maryland, Michigan, Pennsylvania, South Carolina, Vermont, Washington
6.25% to 8.25%	Illinois, Massachusetts, Texas, Wisconsin, Nevada, Minnesota, Indiana, Mississippi, New Jersey, Rhode Island, Tennessee, California



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5.1 Sales Tax

Other income sources for states:

Whenever you go through a tollbooth in order to use a specific highway, bridge, or tunnel, you are paying the state government for the use.

States tax property owners according to the value of their property. Many property owners find it frustrating that they will always have to pay for their property, even when they own it!

Lotteries raise money for states because the state does not pay the winner everything that the lottery raises. States with low or no sales tax often raise more money from lotteries.

States impose "sin taxes" on entertainment or goods that are considered bad to do or consume, like alcohol, tobacco, or gambling. Many people feel that individuals consuming these products are imposing a cost on society, so they should pay a tax to offset that cost.

IWBAT consider various state sales taxes and practice calculating totals, taking exempt items into account and understand why sales tax is considered regressive.

5.1 Sales Tax

Practice: 5.1.2

IWBAT consider various state sales taxes and practice calculating totals, taking exempt items into account and understand why sales tax is considered regressive.

Why is sales tax considered a regressive tax?

Poorer people have less left over after making the same purchases

IWBAT understand the effect of a coupon, rebate, or sale, and calculate the purchase total using a formula: $(\text{item price} - \text{deduction}) + \text{tax}$.

I will do this via capturing notes in Cornell notes format, whole class discussions to introduce and clarify key concepts, and completing practice problems collaboratively with teacher support.

5.2 Coupons, Rebates, and Sales

Coupons - Something that takes money off of your purchase (store only, manufacturer) paper, electronic



Because the retailer will eventually receive full price even when a coupon is used, sales tax must be paid on the full price of the item. In other words, the customer is expected to pay the tax on the full price of the item.

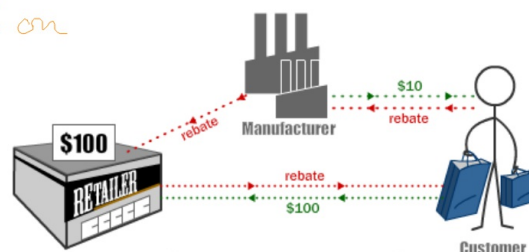
A box of cereal costs \$3.59, but you have a coupon for 40¢ off. In Colorado, how much will that box of cereal cost you?

$$\begin{array}{r} \$3.59(.029) = \$0.11 \\ + 3.19 \\ \hline \$3.30 \end{array}$$

IWBAT understand the effect of a coupon, rebate, or sale and calculate the purchase total using a formula: (item price – deduction) + tax.

5.2 Coupons, Rebates, and Sales

Rebates - money paid to the purchaser after the sale is complete - you pay tax on the full value



00
2.9%

You are buying a printer for \$189.99 and there is a \$40 rebate from the manufacturer. In Colorado, what will the printer cost you?

$$\begin{array}{r} \$189.99(.029) = \$5.51 \\ + 189.99 \\ \hline \$195.50 \\ - 40.00 \\ \hline \$155.50 \end{array}$$

IWBAT understand the effect of a coupon, rebate, or sale and calculate the purchase total using a formula: (item price – deduction) + tax.

5.2 Coupons, Rebates, and Sales

Sales - product prices are discounted
- you pay tax on the discounted price



An outfit for your child costs \$52.28, but is on sale for 25% off. In Colorado, how much will the outfit cost?

$$\begin{array}{r} \$52.28(.029)(.75) = \$1.14 \text{ tax} \\ \$52.28(.75) = \$39.21 \\ \hline \$40.35 \end{array}$$

IWBAT understand the effect of a coupon, rebate, or sale and calculate the purchase total using a formula: (item price – deduction) + tax.

5.2 Coupons, Rebates, and Sales

Coupon:

Valid for certain items only

Can be used to promote a new item by encouraging customers to buy it

Might also be used to get rid of an older item that has been around too long

Rebate:

Applies to a specific item

Good for a company, because a customer has to mail in documents to get the discount, and the customer may forget to do so

Could influence a customer when the customer is comparing similar products

IWBAT understand the effect of a coupon, rebate, or sale and calculate the purchase total using a formula: (item price – deduction) + tax.

5.2 Coupons, Rebates, and Sales

Sale:

Can be valid for a group of items, for example, all men's clothing

Good for clearing a store of older items

Effective in drawing customers into a store

IWBAT understand the effect of a coupon, rebate, or sale and calculate the purchase total using a formula: (item price – deduction) + tax.

6.1 How to Buy a Car

11/28/16

Where do you start when you want to buy a car?

Budget – how much can you afford

Credit

Insurance – check coverage

Figure out what kind of car
fits your needs

IWBAT learn how dealerships calculate cost, evaluate financing options, and study dealer incentives.

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6.1 How to Buy a Car

Three kinds of auto pricing

Invoice - how much the dealer spent on that car

MSRP - Manufacturer Suggested Retail Price
production cost + profit + transportation
(Destination fee)

Book value - how much your car is worth for trade in or private sale, can look up new car values

Kelly Blue Book
<http://www.kbb.com/>

Edmunds
<http://www.edmunds.com/>

TrueCar
<https://www.truecar.com/#/>

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6.1 How to Buy a Car

2004 Honda CR

Style: **EX Sport Utility 4D** ▼

Mileage: **127000** [Change](#)

[Edit options](#) | [Check specs](#)

Trade In to a Dealer | Get an Instant Cash Offer | Sell to a Private Party

Trade-in Value: **\$4,444**

TRADE-IN RANGE: \$3,980 - \$4,907

Good Condition

Trade-in Values valid for your area through 12/3/2015
Track this car's values

2004 Honda CR-V

Style: **EX Sport Utility 4D** ▼

Mileage: **127000** [Change](#)

[Edit options](#) | [Check specs](#)

Trade In to a Dealer | Get an Instant Cash Offer | Sell to a Private Party

Good Condition: \$5,752

PRIVATE PARTY RANGE: Fair Condition - Very Good Condition

Good Condition

Private Party Values valid for your area through 12/3/2015
Track this car's values

Next Step: Find a Car
Browse reviews, photos, specs and more.

[See what you should pay](#)

Search by Category

Sell Your Current Car
Reach millions of buyers on KBB.com and AutoTrader.com

[Place an ad](#)

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6.1 How to Buy a Car

Car prices:
Sticker price - (Monroney sticker)

CHEVROLET

2012 CHEVROLET VOLT

EXTERIOR: WHITE DIAMOND TRICOAT ENGINE: RANGE EXTENDER, 1.4L
ACCENTS: JET BLACK/CERAMIC WHITE ELECTRIC DRIVE UNIT, VOLTEC

Visit us at www.chevy.com

STANDARD EQUIPMENT

- 5 YEAR / 100,000 MILE BATTERY AND VOLTEC COMPONENT LIMITED WARRANTY SEE DEALER FOR DETAILS
- 5 YEAR / 100,000 MILE POWERTRAIN LIMITED WARRANTY SEE DEALER FOR DETAILS

MECHANICAL

- BATTERY, PROPULSION, LITHIUM ION
- ELECTRIC DRIVE UNIT, VOLTEC
- ENGINE, RANGE EXTENDER, 1.4L INTERNAL COMBUSTION ENGINE
- TIRE SEALANT & INFLATOR KIT IN PLACE OF SPARE TIRE

SAFETY & SECURITY

- NAMED A 2012 TOP SAFETY PICK BY THE INSURANCE INSTITUTE FOR HIGHWAY SAFETY

EXTERIOR

- AIRBAGS, DUAL-STAGE FRONTAL, SIDE-IMPACT & ROLLOVER FOR DRIVER AND FRONT PASSENGER
- AIRBAGS, ROOF RAIL, SIDE-IMPACT FOR FRONT AND REAR OUTBOARD SEATING POSITIONS
- ANTILOCK BRAKE SYSTEM, 4 WHEEL DISC
- REAR CHILD SEAT LATCH ANCHORS
- THEFT DETERRENT SYSTEM, CONTENT THEFT ALARM
- DAYTIME RUNNING LAMPS
- STABILITRAK™ STABILITY CONTROL INCLUDES TRACTION CONTROL, REMOTE KEYLESS ENTRY WITH REMOTE START
- PEDESTRIAN FRIENDLY ALERT
- POWER DOOR LOCKS WITH LOCKOUT PROTECTION
- HEADLAMPS, AUTO ON/OFF
- TIRE PRESSURE MONITOR
- KEYLESS ACCESS

INTERIOR

- 3 YRS ONSTAR DIRECTIONS & CONNECTIONS W/ AUTOMATIC CRASH RESPONSE, TURN-BY-TURN NAVIGATION, MYVOLT.COM, AND ONSTAR REMOTE LINK ASK DEALER ABOUT GEOGRAPHIC COVERAGE
- MIRRORS, OUTSIDE HEATED, POWER ADJUSTABLE, BODY COLOR
- WHEELS, 17" FORGED PAINTED ALUMINUM
- COLOR TOUCH RADIO WITH 7" SCREEN, 6 SPEAKERS
- AIR CONDITIONING, AUTOMATIC
- AUXILIARY AUDIO INPUT JACK
- FLOOR MATS, CARPET FRONT/REAR
- INSIDE REARVIEW MIRROR

OTHER

- AUTO DIMMING
- STEERING COLUMN, TILT & TELESCOPING
- VISORS, ILLUMINATED VANITY MIRRORS
- EFFICIENCY DISPLAY SCREENS W/ PROGRAMMABLE CHARGE TIMES
- STEERING WHEEL RADIO CONTROLS
- CRUISE CONTROL
- FRONT BUCKET SEATS
- REAR SEAT, 40/40 SPLIT FOLDING SEATBACK
- POWER WINDOWS EXPRESS DOWN, DRIVER EXPRESS UP
- USB PORT
- XM RADIO + SERVICE SUBSCRIPTION SOLD SEPARATELY BY SIRIUSXM AFTER 3 MONTHS
- BLUETOOTH FOR PHONE
- CHARGE CORD, 120 V PORTABLE

EPA DOT Fuel Economy and Environment

Electricity 114 MPGe (city) 94 MPGe (highway) 104 MPGe (combined)

Gasoline Only 36 MPGe (city) 37 MPGe (highway) 37 MPGe (combined)

Annual fuel cost \$1,000

You save \$7,600 in fuel costs over 5 years

Fuel Economy & Greenhouse Gas Rating 10 (out of 10)

Smog Rating 10 (out of 10)

GOVERNMENT 5-STAR SAFETY RATINGS

Overall Vehicle Score ★★★★★

Frontal Crash ★★★★★

Side Crash ★★★★★

Rollover ★★★★★

Star ratings range from 1 to 5 stars (★★★★★) with 5 being the highest. Source: National Highway Traffic Safety Administration (NHTSA) www.safercar.gov or 1-888-327-4236

OPTIONS & PRICING

STANDARD VEHICLE PRICE	\$39,145.00
AUDIO SYSTEM WITH NAVIGATION, DVD ROM AND 30GB AUDIO HARD DRIVE STORAGE	1,995.00
PREMIUM TRIM PKG INCLUDES: LEATHER APPOINTED SEATING, PERFORATED, HEATED FRONT SEAT, DRIVER AND PASSENGER	1,395.00
WHITE DIAMOND TRICOAT	995.00
POLISHED ALUMINUM WHEELS	595.00
BOSE PREMIUM SPEAKER SYSTEM	495.00
TOTAL OPTIONS	\$5,475.00
DESTINATION CHARGE & OPTIONS	\$44,620.00
DESTINATION CHARGE	850.00

TOTAL VEHICLE PRICE* \$49,470.00

PARTS CONTENT INFORMATION

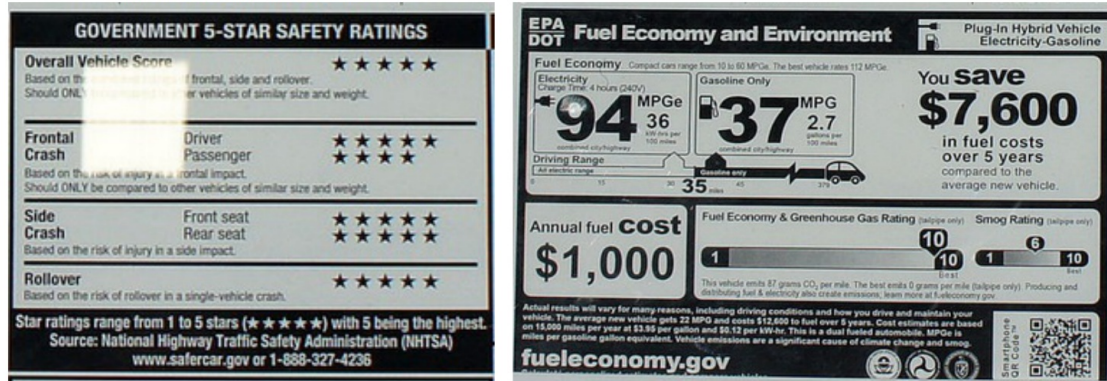
FOR VEHICLES IN THIS COUNTRY: U.S./CANADIAN PARTS CONTENT: 46% MAJOR SOURCES OF FOREIGN PARTS CONTENT: KOREA 18%

NOTE: PARTS CONTENT DOES NOT INCLUDE FINAL ASSEMBLY, DISTRIBUTION, OR OTHER NON-PARTS COSTS.

FOR THIS VEHICLE: FINAL ASSEMBLY POINT: DETROIT, MI U.S.A. COUNTRY OF ORIGIN: ENGINE: UNITED STATES TRANSMISSION (ELECTRIC DRIVE UNIT): UNITED STATES

IWBAT learn how dealerships calculate cost, evaluate financing options, and study dealer incentives.

6.1 How to Buy a Car Window Sticker



IWBAT learn how dealerships calculate cost, evaluate financing options, and study dealer incentives.

6.1 How to Buy a Car Window Sticker

<p>STANDARD EQUIPMENT</p> <p>MODEL FEATURES BELOW ARE INCLUDED AT NO EXTRA CHARGE IN THE STANDARD VEHICLE PRICE SHOWN.</p> <ul style="list-style-type: none"> • 8 YEAR / 100,000 MILE BATTERY AND VOLTAGE COMPONENT LIMITED WARRANTY SEE DEALER FOR DETAILS • 5 YEAR / 100,000 MILE POWERTRAIN LIMITED WARRANTY SEE DEALER FOR DETAILS <p>MECHANICAL</p> <ul style="list-style-type: none"> • BATTERY, PROPULSION, LITHIUM ION. • ELECTRIC DRIVE UNIT, VOLTEC • ENGINE, RANGE EXTENDER, 1.4L INTERNAL COMBUSTION ENGINE • TIRE SEALANT & INFLATOR KIT IN PLACE OF SPARE TIRE <p>SAFETY & SECURITY</p> <ul style="list-style-type: none"> • NAMED A 2012 TOP SAFETY PICK BY THE INSURANCE INSTITUTE FOR HIGHWAY SAFETY 	<ul style="list-style-type: none"> • AIRBAGS, DUAL-STAGE FRONTAL, SIDE-IMPACT & KNEE FOR DRIVER AND FRONT PASSENGER • AIRBAGS, ROOF RAIL SIDE-IMPACT FOR FRONT AND REAR OUTBOARD SEATING POSITIONS • ANTILOCK BRAKE SYSTEM, 4 WHEEL DISC • REAR CHILD SEAT LATCH ANCHORS • THEFT DETERRENT SYSTEM, CONTENT THEFT ALARM • DAYTIME RUNNING LAMPS • STABILITRAK-STABILITY CONTROL INCLUDES TRACTION CONTROL • REMOTE KEYLESS ENTRY WITH REMOTE START • PEDESTRIAN FRIENDLY ALERT • POWER DOOR LOCKS WITH LOCKOUT PROTECTION • HEADLAMPS, AUTO ON/OFF • TIRE PRESSURE MONITOR • KEYLESS ACCESS 	<ul style="list-style-type: none"> • 3 YRS ONSTAR DIRECTIONS & CONNECTIONS W/ AUTOMATIC CRASH RESPONSE, TURN-BY-TURN NAVIGATION, MYVOLTCOM, AND ONSTAR REMOTELINK (ASK DEALER ABOUT GEOGRAPHIC COVERAGE) <p>EXTERIOR</p> <ul style="list-style-type: none"> • MIRRORS, OUTSIDE HEATED, POWER ADJUSTABLE, BODY COLOR • REAR WINDOW DEFROSTER • WINDSHIELD WIPERS VARIABLE & INTERMITTENT • WINDSHIELD, SOLAR ABSORBING • WHEELS, 17" FORGED PAINTED ALUMINUM <p>INTERIOR</p> <ul style="list-style-type: none"> • COLOR TOUCH RADIO WITH 7" SCREEN, 6 SPEAKERS • AIR CONDITIONING, AUTOMATIC • AUXILIARY AUDIO INPUT JACK • FLOOR MATS, CARPET FRONT/REAR • INSIDE REARVIEW MIRROR, 	<p>AUTO DIMMING</p> <ul style="list-style-type: none"> • STEERING COLUMN, TILT & TELESCOPING • VISORS, ILLUMINATED VANITY MIRRORS • EFFICIENCY DISPLAY SCREENS W/ PROGRAMMABLE CHARGE TIMES • STEERING WHEEL RADIO CONTROLS • CRUISE CONTROL • FRONT BUCKET SEATS • REAR SEAT, 40/40 SPLIT FOLDING SEATBACK • POWER WINDOWS EXPRESS DOWN, DRIVER EXPRESS UP • USB PORT • XM RADIO + SERVICE SUBSCRIPTION SOLD SEPARATELY BY SIRIUSXM AFTER 3 MTHS • UNIVERSAL HOME REMOTE • BLUETOOTH FOR PHONE <p>OTHER</p> <ul style="list-style-type: none"> • CHARGE CORD, 120 V PORTABLE
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6.1 How to Buy a Car Window Sticker

Visit us at www.chevy.com

OPTIONS & PRICING		TOTAL VEHICLE PRICE* \$45,470.00	
MANUFACTURER'S SUGGESTED RETAIL PRICE			
STANDARD VEHICLE PRICE		\$39,145.00	
OPTIONS INSTALLED BY THE MANUFACTURER (MAY REPLACE STANDARD EQUIPMENT SHOWN)			
AUDIO SYSTEM WITH NAVIGATION, DVD ROM AND 30GB AUDIO HARD DRIVE STORAGE	1,995.00		
PREMIUM TRIM PKG INCLUDES:	1,395.00		
• LEATHER APPOINTED SEATING, PERFORATED			
• HEATED FRONT SEAT, DRIVER AND PASSENGER			
• LEATHER WRAP STEERING WHEEL			
WHITE DIAMOND TRICOAT	995.00		
POLISHED ALUMINUM WHEELS	595.00		
BOSE PREMIUM SPEAKER SYSTEM	495.00		
TOTAL OPTIONS		\$5,475.00	
TOTAL VEHICLE & OPTIONS		\$44,620.00	
DESTINATION CHARGE		850.00	

Dealer markup

Sale price — invoice

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6.1 How to Buy a Car Trade-in

Know the value of your current vehicle which you are replacing.

- *Negotiate your best deal*
lowest between Inv + MSRP
Agreement
- *Then trade*

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6.1 How to Buy a Car

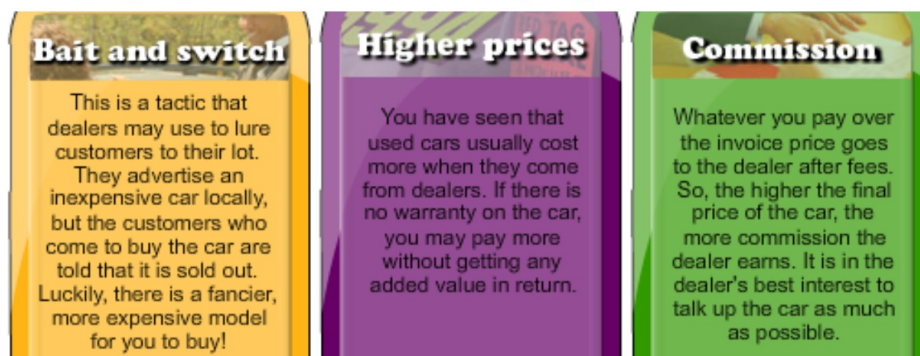
Negotiating

- 1) Look at the sticker price. Is it comparable to the book value on KBB?
 - Yes/Less room to bargain
 - No/More room to bargain
- 2) Calculate the markup from the invoice and sticker prices. Is it high or low?
 - High/More room to bargain
 - Low/Less room to bargain
- 3) Do you have a trade-in?
 - Yes/Discount
 - No/No discount

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6.1 How to Buy a Car

What pitfalls are there to buying from a dealer?



Flipping a car *purchase low, fix it up, sell for more*
+ + +profit
☐ Warranty ☐ As-Is

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6.1 How to Buy a Car Incentives



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6.1 How to Buy a Car

1) Fill out the form My Current Car with what you know about the vehicle you drive or ride in most often. Go online to www.kbb.com and look up your used car's value for both a trade-in and private sale.

2) Fill out the Make, Model, & Body style for a car you would like to have for your family. Answer the Why question at the bottom of the page.

Four Corners on Body Style

- *SUV, Minivan, Sedan, Truck*

Primary Concern mFB

- *Capacity, Safety, Economy*

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6.1 How to Buy a Car

How would you fund the purchase of a car?

- ☐ Save money over time and buy the car with your own cash
- ☐ Borrow money from a parent, friend, or relative
- ☐ Get a loan from your bank and pay off the loan over time
- ☐ Make a down payment and get a loan from the dealership or manufacturer

Dealer financing	Bank loans
<ul style="list-style-type: none">Loans often front-load interest paymentsDealer incentivesConvenienceHigh pressure to finance additional car optionsAllows spontaneous weekend or night purchase	<ul style="list-style-type: none">Lower interest ratePersonal servicePreapproval recommendedInterest usually paid evenly throughout loan

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6.1 How to Buy a Car

Balloon payment

Very small monthly payments for many months, but the final payment is the remaining principal.



\$199/Month

for 72 months on this \$22,100 car

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6.1 How to Buy a Car

3) Search online for a place to buy your Next car in Colorado. Once you find one, go to kbb.com and find the value of the vehicle for the private seller or car dealer (where ever you found the vehicle for sale).

4) Answer the trade-in/private sale questions on the Current side of the paper. Discuss your decision and reasoning with a partner.

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6.1 How to Buy a Car

Jerry's new car has a list price of \$22,415. The sales tax in Jerry's state is 8.75%, and he is responsible for a \$1,925 vehicle licensing fee and a \$79 documentation fee. Jerry plans to make a down payment of \$3,000 and finance the rest at an interest rate of 10.86%, compounded monthly. If Jerry's financing plan spans three years, what will his monthly payment be?

$$\$22415(1.0875) = \$24,376.32$$

APPS 1 1

$$\begin{array}{r} + \quad 1925 \\ + \quad 79 \\ \hline \$26,380.32 \\ - \quad 3000.00 \\ \hline \$23380.32 \end{array}$$

$$\$763.90$$

$$N = 36$$

$$I\% = 10.86$$

$$PV = 23380.32$$

$$PMT = \text{Alpha} + \text{Enter}$$

$$FV = 0$$

$$P/Y = 12$$

$$C/Y = 12$$

IWBAT learn how dealerships calculate cost, evaluate financing options, and study dealer incentives.

6.1 How to Buy a Car

Renee is going to buy a new car that has a list price of \$19,675. She will be responsible for \$1,420 in vehicle registration fees, \$85 in documentation fees, and 8.92% sales tax. She plans to trade in her current car, a 2002 Buick LeSabre in good condition, and finance the rest of the cost over four years at an interest rate of 6.34%, compounded monthly. If the dealer gives Renee the full listed trade-in value for her car, what will her monthly payment be?

$$\begin{array}{r}
 \$19675 \\
 - 400 \\
 \hline
 \$19275 \\
 \times (1.0892) \\
 \hline
 \$20994.33 \\
 + 1420 \\
 \quad 85 \\
 \hline
 \$22499.33
 \end{array}$$

$$\begin{aligned}
 N &= 48 \\
 I\% &= 6.34 \\
 PV &= 22499.33 \\
 PMT &= \$531.92
 \end{aligned}$$

IWBAT learn how dealerships calculate cost, evaluate financing options, and study dealer incentives.

6.1 How to Buy a Car

Tess is going to purchase a new car that has a list price of \$29,190. She is planning on trading in her good-condition 2008 Dodge Dakota and financing the rest of the cost over four years, paying monthly. Her finance plan has an interest rate of 7.73%, compounded monthly. Tess will also be responsible for 7.14% sales tax, a \$1,235 vehicle registration fee, and a \$97 documentation fee. If the dealer gives Tess 75% of the listed trade-in price on her car, once the financing is paid off, what percent of the total amount paid will the interest be?

$$\begin{aligned}
 29190 - 0.75(6655) &= 24198.75 \quad (1.0714) \Rightarrow \$25926.54 \\
 N &= 48 \\
 I\% &= 7.73 \\
 PV &= 27258.54 \\
 PMT &= ? \quad \$662.02 \\
 FV &= 0 \\
 C/Y &= 12 \\
 P/Y &= 12
 \end{aligned}$$

$$\begin{array}{r}
 \$662.02 \\
 \times 48 \\
 \hline
 \$31776.96 \\
 - 27258.54 \\
 \hline
 \$4518.42
 \end{array}$$

$$\begin{array}{r}
 \$4518.42 \\
 \div 48 \\
 \hline
 \$94.13375
 \end{array}$$

$$\begin{array}{r}
 + 1235 \\
 \quad 97 \\
 \hline
 \$27258.54
 \end{array}$$

$$\begin{array}{r}
 \$25926.54 \\
 + 27258.54 \\
 \hline
 \$53185.08
 \end{array}$$

$$\begin{array}{r}
 \$53185.08 \\
 \div 48 \\
 \hline
 \$1108.230833
 \end{array}$$

$$\begin{array}{r}
 \$1108.230833 \\
 \times 12 \\
 \hline
 \$13298.77
 \end{array}$$

$$\begin{array}{r}
 \$13298.77 \\
 \div 100 \\
 \hline
 13.29877\%
 \end{array}$$

IWBAT learn how dealerships calculate cost, evaluate financing options, and study dealer incentives.

IWBAT understand the house-buying process, learn about different mortgage loans, and study escrow and what goes into the total house payment.

I will do this via capturing notes in Cornell notes format, whole class discussions to introduce and clarify key concepts, and completing practice problems collaboratively with teacher support.

6.2 Buying a House

Considerations of Home Ownership

Pros	Cons
<ul style="list-style-type: none">• Pride of ownership.• An investment that can potentially make money for you when you sell.• Tax savings (you can deduct part of your mortgage payment from your taxes, but you can't deduct rent).• Control over your environment (you can do anything you want to your own home and garden, but in a rental you have to abide by the landlord's rules).	<ul style="list-style-type: none">• When you take out a mortgage, you're stuck with a very big debt, and you're responsible for paying off the debt unless you sell your home.• While you have the freedom to change your home in any way, you're also responsible for all the maintenance. That can be hard work, and very costly.• It's not always easy to move if you want to. Unless you're very wealthy, you'll need to sell your home before you can move away.

IWBAT understand the house-buying process, learn about different mortgage loans, and study escrow and what goes into the total house payment.

6.2 Buying a House

Real Estate Agents

Benefits of using a real estate agent	Drawbacks of using a real estate agent
Can save time by narrowing down the list of homes to consider	Buyers may pay commission
Can determine if a home is fairly priced	Agent may not negotiate lowest possible price (because of commission)
Can act as an advocate in negotiations and write up the contract	Buyers probably won't meet sellers
Can point out potential problems in a house	If not an expert, agent may not know enough to offer buyers good advice

Only real estate agents have direct access to the MLS (Multiple Listing Service), but much of the same information is available elsewhere.

Realtor.com

Zillow.com

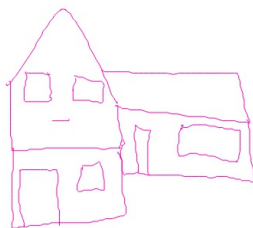
IWBAT understand the house-buying process, learn about different mortgage loans, and study escrow and what goes into the total house payment.

6.2 Buying a House

Comps (Comparable houses)

Same features (BA, BR, Fireplace, garage,...)
Similar SQFT

- 1) Age
- " Layout
- " yard
- " Neighborhood



Realtor.com

Zillow.com

IWBAT understand the house-buying process, learn about different mortgage loans, and study escrow and what goes into the total house payment.

6.2 Buying a House

Mortgages

Secured Debt - a debt secured (backed) by
Collateral

Term - how long you have to pay it off

Rate

Fixed-rate mortgages

- Higher initial interest rate
- Interest rate stays the same
- Good for long-term owners
- Require higher credit rating

15yr, 30yr, 40yr

ARM Adjustable-rate mortgages

- Lower initial interest rate
- Interest rate changes after initial period
- Good for short-term owners
- Offered to buyers with lower credit rating

7-3 ARM

IWBAT understand the house-buying process, learn about different mortgage loans, and study escrow and what goes into the total house payment.

6.2 Buying a House

Mortgages

Escrow a portion of your payment is held for the
future payment of taxes & Ho. insurance

Jigsaw Article

Default miss payments for ≥ 30 days, most
lenders give you 90 days to catch up then
start the next step in the process

Foreclosure the process of the bank legally taking
your home to pay for what you owe them on
the mortgage, slow process 3-6mo after the
letter - depends on the state & lender

IWBAT understand the house-buying process, learn about different mortgage loans, and study escrow and what goes into the total house payment.

6.2 Buying a House

Mortgages

Down payment \$0 – 20% of the purchase price
80/20 → down payment

PMI – private mortgage insurance
if you owe >60% of the value of the property

80/20 Mortgage

80% mortgage loan
20% down payment loan (different lender)

IWBAT understand the house-buying process, learn about different mortgage loans, and study escrow and what goes into the total house payment.

6.2 Buying a House

Closing where all the papers are signed
to transfer ownership of the home

Closing Fees

Nonrecurring	Recurring
Processing	Mortgage
Points	Property taxes
Appraisal	Private mortgage insurance (PMI)
Title	Homeowners insurance

IWBAT understand the house-buying process, learn about different mortgage loans, and study escrow and what goes into the total house payment.

6.3 Buying, Renting, & Leasing

12/21/16

What do these terms mean?

Buy to purchase forever

Rent yours to use, but someone else owns it
you pay for the right to use

Lease Similar to renting - usually for an extended time (> 1 yr)

Finance to pay for something over time with ownership as the end goal

6.3 Buying, Renting, & Leasing

12/21/16

IWBAT understand the terms of a lease, learn what is involved in renting a car, and assess the costs and benefits of buying, leasing, or renting.

I will do this via capturing notes in Cornell notes format, whole class discussions to introduce and clarify key concepts, and completing practice problems collaboratively with teacher support.

6.3 Buying, Renting, & Leasing

No fixed ownership period	No use restrictions	No maintenance or repair costs
At the end of the payment period, you own the item	No depreciation	
Cheaper in the long run	Lower initial out-of-pocket expenses	
Easier than getting financing		

Rent/Lease

Easier than getting financing
No maintenance/repair costs
Lower down payment
No depreciation

Buy (Finance)

At the end you own it
Cheaper in the long run
No use restrictions
No fixed ownership period

IWBAT understand the terms of a lease, learn what is involved in renting a car, and assess the costs and benefits of buying, leasing, or renting.

6.3 Buying, Renting, & Leasing

2010 Apex Coupe
Lease Offer

Well-equipped with automatic transmission and premium package. Includes destination charge.



\$399*/month for 36 months

- \$399 first month's payment
- \$2800 down payment
- \$350 security deposit
- \$725 acquisition fee
- \$4214 cash due at signing

Mileage allowance

3yr 30,000 mi
12,000/yr 36,000 mi
6000 mi x \$0.20 = \$1200

Lease penalty

*Lease financing available on 2010 Apex vehicles, only at participating Apex centers on leases assigned to Apex Financial Services NA, LLC/Financial Services Vehicle Trust through April 30, 2010. Monthly lease payments of \$339.00 for 36 months based on MSRP of \$35,500.00 (includes Premium Package, Automatic Transmission, and Destination). Total lease payments are \$12,204.00. Excludes tax, title, license, acquisition, and registration fees. Lessee must cover insurance and all items not covered under the Apex Maintenance Program. At lease end, lessee will be liable for disposition fee (\$350.00), any excess wear and use as set forth in the lease agreement, and excess mileage charges of \$0.20 per mile for miles driven in excess of 10,000 miles per year. Purchase option at lease end for \$21,655.00 excludes taxes. Lessee acquires no ownership interest unless purchase option is exercised. See participating Apex centers for details and vehicle availability.

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6.3 Buying, Renting, & Leasing

Buy vs. Lease

	New car — paid off in 5 years	New car — paid off in 10 years	Lease
Monthly payment	\$477.99	\$253.31	\$341.39
Total cost after 3 years	\$17,207.64	\$9119.16	\$12,290.04
Total cost after 12 years	\$28,679.40	\$30,397.20	\$51,659.20

Why might it be better to lease rather than buy?

Keep it for less time than it takes to buy a car
Monthly budget is lower
Always have a car < 3yr. old

IWBAT understand the terms of a lease, learn what is involved in renting a car, and assess the costs and benefits of buying, leasing, or renting.

6.3 Buying, Renting, & Leasing

Car Rental

pay to use a car for 1 to 40+ days
(< 1yr)

In addition to the basic costs of rental, there are additional fees that you may or may not want (or need) to add. For example:

- Renting larger or fancier models or renting one way instead of round trip can increase the rental fee.
- Returning a car late or without refilling the gas tank can add significant costs to the final bill.
- Renters under the age of 25 are charged more for a rental.
- *Options* that add extra fees include a collision damage waiver (CDW), which pays for car damages arising from a collision, and a loss damage waiver, which covers costs due to accidental damage or theft.

IWBAT understand the terms of a lease, learn what is involved in renting a car, and assess the costs and benefits of buying, leasing, or renting.

6.3 Buying, Renting, & Leasing

When should you: (answer in complete sentences)

Buy When you have enough money to pay for it
when you want to own it forever
Cheaper in the long run

Lease You want new, payments are smaller
Can upgrade the vehicle

Rent Short period of time (≤ 1 mo.)

IWBAT understand the terms of a lease, learn what is involved in renting a car, and assess the costs and benefits of buying, leasing, or renting.

6.4 Consumer Purchases & Agreements

Purchase Agreement - An agreement between ^{the} consumer/
end user and the manufacturer, retailer, or service provider
regarding who is responsible for what, when, and
for how long and **how disputes will be managed.**
In the software world this is the EULA - End
User License Agreement

YOUR USE OF THE APEX TUNESTER SERVICES IS GOVERNED BY THIS LEGAL AGREEMENT. TO USE THESE SERVICES YOU MUST AGREE TO THESE TERMS, BY CLICKING "AGREE." IF YOU DO NOT ACCEPT THE TERMS OF THE LEGAL AGREEMENT AND USE THE SERVICES, DO NOT CLICK THE "AGREE" BUTTON. YOU ARE SOLELY RESPONSIBLE FOR ENSURING THAT YOUR ACCOUNT INFORMATION AND ACCESS REMAINS SECURE. YOU ARE ACCOUNTABLE FOR ALL ACTIVITIES THAT OCCUR ON YOUR ACCOUNT. APEX TUNESTER SHALL NOT BE RESPONSIBLE FOR ANY LOSSES ARISING OUT OF THE UNAUTHORIZED USE OF YOUR ACCOUNT.

IWBAT explore and apply the PACED model to consumer purchases, examine buyer and rental agreements, and study financing agreements.

I will do this via capturing notes in Cornell notes format, whole class discussions to introduce and clarify key concepts, and completing practice problems collaboratively with teacher support.

6.4 Consumer Purchases & Agreements

Rental Agreement - would explain the responsibilities of the renter and the owner

What would you rent, why, and for how long?

Apartment 6mo, 1yr, 3mo, mo-to-mo

- a place to live, don't want to buy

Car (1hr → 1mo or so) temporary transpo, out of state, relocated

tools (<1 day) don't have, but need to use once

furniture (couple months) no money/credit

venue (hours) fancy to-do, more space

IWBAT explore and apply the PACED model to consumer purchases, examine buyer and rental agreements, and study financing agreements.

6.4 Consumer Purchases & Agreements

Any rental agreement will include:

- Names of the parties of the agreement
- The starting date and duration of the agreement
- The specific object being rented (identified by street address or serial or other identification number)
- Conditions for renewal or nonrenewal
- A specific payment schedule (for example, a lump sum or periodic payments) for granting the use of this object
- Provisions for a security deposit and terms for its return
- Other conditions. For example:
 - Insurance for loss
 - Restrictions on use
 - Which party is responsible for maintenance

IWBAT explore and apply the PACED model to consumer purchases, examine buyer and rental agreements, and study financing agreements.

6.4 Consumer Purchases & Agreements

Financing Agreement - *An agreement to borrow money and pay it back over time*

Loan Agreement Terms	
Word	Meaning
Co-signer	Taking back property paid for with a loan if the loan is in default
Default	Someone who also signs the loan and is equally responsible for repayment
Repossession	Promise to pay
Prepayment penalty	Failure to pay back a loan
Collateral	Property used to secure a loan
Promissory note	A fee assessed when the loan is repaid early

IWBAT explore and apply the PACED model to consumer purchases, examine buyer and rental agreements, and study financing agreements.

6.4 Consumer Purchases & Agreements

Any loan agreement will include:

- Names of the lender and the borrower
- Promise (promissory note) to pay amount borrowed plus any additional charges and interest
- Breakdown of the loan:
 - Amount
 - Amount financed
 - Finance charges
 - Total of payments
 - Annual rate
- Repayment terms:
 - Payment amount
 - Number of payments
 - Start date
 - Ending date
 - Frequency
- Any prepayment penalties for paying off the loan early
- Late charge — specifies the grace period and the amount of the late charge
- Security — collateral
- Default — outlines action in case of default, such as additional interest, fees, or repossession.
- Co-borrowers — cosigners who are equally responsible for the loan

IWBAT explore and apply the PACED model to consumer purchases, examine buyer and rental agreements, and study financing agreements.

6.4 Consumer Purchases & Agreements

PACED decision making tool:

1. Define the *problem*
2. List the *alternatives*
3. Select *criteria*
4. *Evaluate* the alternatives
5. Make a *decision*

Problem - \$1200/mo mortgage
no down payment (NSF)

Alternatives - \$1200/mo rent roommate(s)
smaller property
live w/ fam

IWBAT explore and apply the PACED model to consumer purchases, examine buyer and rental agreements, and study financing agreements.

6.4 Consumer Purchases & Agreements

Criteria - \$ available, space needed, pets allowed, neighborhood, schools, NO/smoking, parking, mass transit, crime, personal history, time frame, Convenience

Evaluate -

Decide -

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